

A Study on Mobile Banking in Bangladesh

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Abstract: **Background:** Mobile banking refers to any private or commercial transaction in which a bank or financial institution transfers ownership of or rights to use money (hard or soft), and which is made possible by the use of mobile devices with wireless access technology. It can conduct financial transactions even without a physical branch. **Objective:** To identify the uses and purpose of Mobile banking systems and share some new concepts regarding Mobile banking system in Bangladesh. **Materials and Methods:** The necessary data was acquired from people of various ages and evaluated in light of the objectives of the study. The basis for this inquiry was field data. The investigation's principal sampling technique was cluster sampling. 120 respondents were interviewed in various locations around Dhaka city using both primary and secondary sources. Secondary data were used to give the study topic's theoretical perspective. Using column charts, the data analysis has been graphically presented. The data was analyzed using Microsoft Word and Excel. **Results:** The majority of respondents (82.1%) are in the 20–30 age bracket. According to the findings, young people and adults prefer using e-banking and e-payment services the most. About 72.1% of the respondents are service holder followed by 18.6% are students. 22% of respondents utilize rocket, followed by 58% who use Bkash. The majority of respondents (78%) only use mobile banking for personal purchases. **Conclusion:** The billion individuals globally without bank accounts who use mobile banking may find it to be a strong method to conduct cashless transactions.

Keywords: M-Banking, E-Banking, Purpose, Usage, Payment.

INTRODUCTION

E-business has been expanding steadily as a new industry over the past ten years (Al-Ashban, A. A. & Burney, M. A. 2001). E-banking is currently a term used to refer to any banking transactions that are completed using internet applications. The banking sector has been setting the trend in recent years (Andrew, Wambari, 2009). By the globalization of the corporate enterprise, e-banking has completely changed how business is conducted. With the availability of a wide range of goods and the proliferation of e-banking technology in recent years, customer acceptance has increased. Direct deposit, computer banking, stored value cards, and debit cards are some of these technologies (Cheong, J. H., & Park, M. C. 2005). Convenience, increased usability, and in certain cases cost reductions are what draw consumers to these technologies (Cheney, J. S. (2008). E-banking has been seen as an improvement over earlier electronic distribution methods, providing the banking sector with additional commercial options (Tomi et.al 2008). Wireless internet banking apps, sometimes known as "m-banking" (mobile banking), are a relatively modern e-banking innovation (Karjaluo, H., Mattila, M. &

Pento, T. 2002). A new service (mobile data service) is made possible by combining two of the most current technology advancements: the internet and mobile phones. The banking sector completes the first such wireless internet commercial transaction (Luarn Pin and Lin Hsin-Hui 2005). M-banking is anticipated to offer a further new channel for financial services, particularly for certain distant regions where online internet access is still lacking (Lyman, T. R., Pickens M. & Porteous D. 2008). With an emphasis on consumer value creation and a deeper knowledge of the customer-perceived value of m-banking services, the strategic implications and customer perception of m-banking services are addressed. For instance, mobile internet usage was relatively high in Japan in 2003 (about 60 million users), especially among young and unmarried customers. Worldwide 3G mobile phone and application development is being done by telecommunications firms. Mobile banking is regarded as one of the most valuable and significant mobile services accessible in the UK. Yet, it is still unknown how widely 3G mobile phones will be used for financial services. In order to understand customers' behavior and motivation toward this innovation, the present research

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looked at both innovative qualities and customers' perceived risk. When new qualities and risk dimensions were discovered, it expanded the theoretical frameworks of innovation and customers' perceptions of risk. The results give banks executives a better grasp of the perceived benefits and drawbacks of 3G mobile banking services, assisting them in developing future marketing plans and promotion tactics for these services (Morawczynski, O. & Miscione, G. 2008). While utilizing a mobile device to access a bank's website, you may do financial transactions including examining account balances, transferring money between accounts, and paying bills. This may be done through the phone's web browser, an application downloaded from your bank, or a text message (SMS). With the help of a mobile portable device and a mobile service like text messaging, mobile banking enables clients to conduct financial transactions anywhere and at any time (SMS) (Polatoglu, V.N. & Ekin, S. 2001). With mobile banking, there are no longer any time or space restrictions on tasks like monitoring account balances or moving money between accounts (Pousttchi, Key & Schurig, Martin, 2007). The development of e-banking in Bangladesh is hampered by a number of infrastructure, institutional, and regulatory obstacles, including a lack of a backbone network connecting the entire nation, a low ICT penetration rate in the banking industry, a shortage of skilled labor and training resources, and the absence of encouraging policies, guidelines, rules, and regulations relating to e-transactions and other similar issues (Rao, G. R. & Prathima, K. 2003). Notwithstanding these obstacles, the Bangladesh Bank's attempts to modernize the nation's payment system and the government's dedication to creating "Digital Bangladesh" have sparked rivalry among the scheduled banks to enhance banking services and swiftly expand the use of e-banking.

OBJECTIVE

To identify the uses and purpose of Mobile banking systems and share some new concepts regarding Mobile banking system in Bangladesh.

METHODOLOGY

The purpose of the study was to determine the challenges and potential of mobile banking in Bangladesh. The required information was gathered from individuals of various ages and examined in light of the study's goals. Field data served as the foundation for this investigation. There are various ways to gather this fundamental data.

Study Location: The study has been conducted in different area of Dhaka city

Study Population: This research includes all types of people mostly selected different age, sex, and occupation people.

Study Design: On the basis of the nowadays use, this study investigated how consumers perceive mobile banking. A field survey was done for the study in several locations throughout Bangladesh's capital city of Dhaka. We contacted the respondents at their homes, universities, colleges, etc. It was believed that the survey would provide the right outcome. A formal questionnaire was given to the responders. 15 statements were used to capture the replies. These claims were drawn from the review of the literature. After discussion with certain responses, they were refined. Also, opinions on consumers' behavior and preferences were solicited.

Sampling Method: Cluster sampling was used as the primary sample strategy for the investigation. Interviews was conducted with 120 respondents in various parts of Dhaka city.

Data Collection: For the aim of the research, both primary and secondary sources were employed. To provide the theoretical context for the study topic, secondary data were utilized. Journals, books, the internet, and other sources served as secondary data sources.

Research Instrument: Information was gathered through a questionnaire approach that an interviewer administered as well as other secondary media. Many questions are included in the survey for various responses.

Data Analysis: The research was primarily descriptive in nature. Analyzing qualitative data critically and utilizing judgment. In order to analyze the information received from the survey, a number of statistical and analytical techniques and tools were applied. The analysis of data has been displayed graphically using column charts. Microsoft Excel and Word were used to analyze the data.

RESULTS

Figure 1 showed that most of the respondent 88.1% are from 20-30 age range and followed by 8.5% 30-40 age range and only 2.3% are from 40-50 years age range. The result showed that the e-banking and e-payment services are most popular to the young and adults.

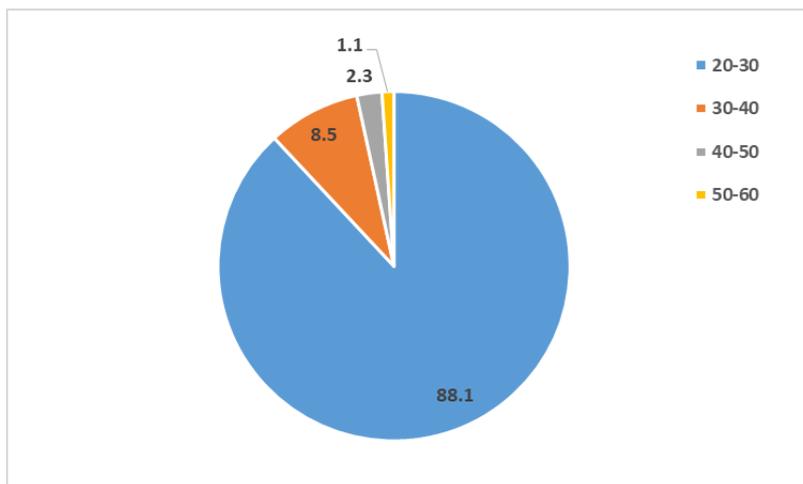


Figure 1: Age of the Respondent

In Figure 2 showed that 72.1% of the respondents are service holder followed by 18.6% are

students, 7% of them are in Business profession where as the only 2% are other professional man.

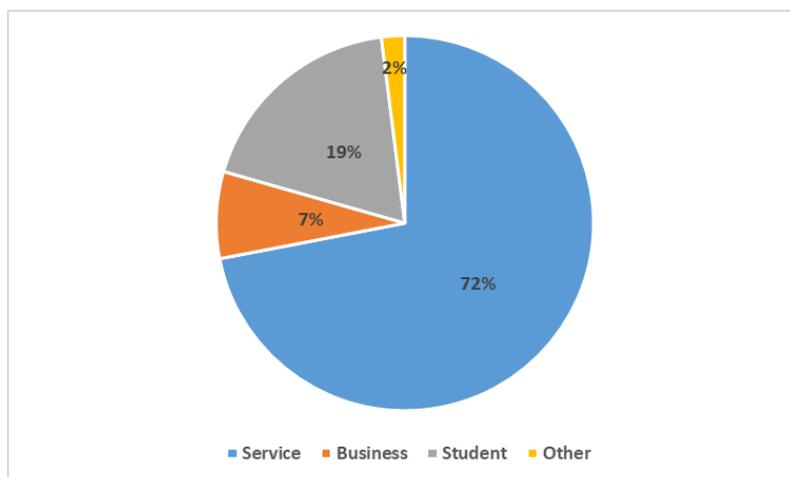


Figure 2: Occupational Status of Respondents

In Figure 3 showed that 58% of the respondents uses Bkash followed by 22% uses rocket

and 10% respondents uses both bkash and rocket app for M-Banking.

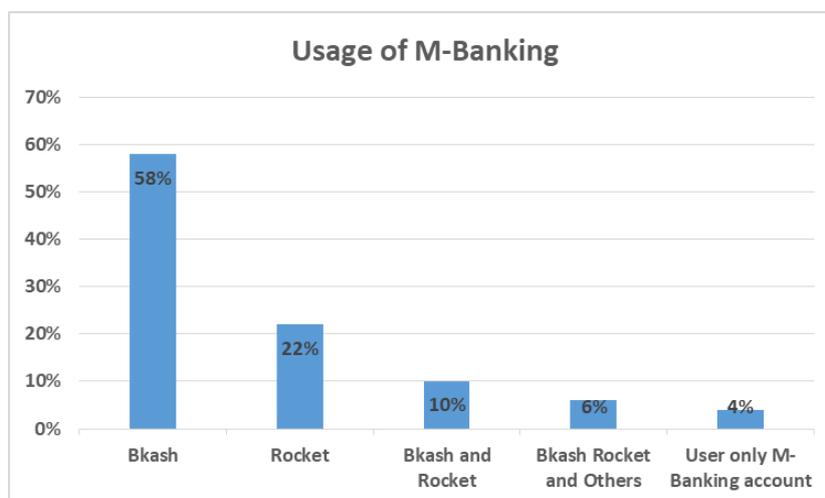


Figure 4: Usage of M-Banking of respondents

The respondents' bank account information is shown in Table 1. Most other professionals, aside from students, have bank accounts with various Bangladeshi banks.

However they use mobile banking services to do business in order to circumvent time-consuming tasks and some of the restrictions of traditional banks.

Table 1: Bank accounts holder of respondents

Description	Respondents	Percentage
Account Holder	68	57%
Non account holder	52	43%
	120	100%

Table 2 showed that 78% of all respondent use mobile banking exclusively for personal payments, the remaining 13% cover both personal and professional

expenses, 9% of respondents only use mobile banking services for business.

Table 2: Purpose of payments of respondents

Description	Respondents	Percentage
Personal payment	85	78%
Business payment	10	9%
Both (Personal & Business) Payment	25	13%
Total	120	100%

New Concept in Mobile Banking for Bangladesh:

All mobile banking providers are focusing on intra-transaction policies like bKash to bKash, Rocket to Rocket, or Nagod to Nagod. Nonetheless, the researcher believes that it may go through a central server of the Central Bank like other commercial bank transactions, for instance, those made through BKash, Rocket, or any other service provider to any mobile banking service provider (Bangladesh Bank). To put it another way, any mobile banking service provider will be able to transfer or receive money from any other mobile banking provider. Each mobile banking service provider (all mobile banking service providers) will get a code or serial number from the central bank to use as identification when transacting with another mobile banking service provider. Originally, as a prototype implementation, "send money" and "cash out" may be applicable. The steps can be as follows: call the USSD common code>select Send Money or Cash Out> select Self or Other Accounts>select Code of Other Service Provider>select Recipient Wallet No>select Amount; select Reference No> select Pin.

DISCUSSION

According to a research, 36% of respondents were under the age of 18 (36%), and 36% were between the ages of 50 and 60 (36%), respectively (Islam, M. Z. 2016). In this study, 88.1% of respondents are between the ages of 20 and 30, while only 2.3% are between the ages of 40 and 50. This finding is pretty consistent with our study, which found that young people and adults make up the majority of M-banking users. Another survey revealed that eight percent (8%) of respondents were farmers, twenty-five percent (25%) were service providers, eighteen percent (18%) were company owners, and forty-one percent (41%) of respondents were students Karnouskos, S., & Vilmos, A. (2004). In

our study, 72.1% of the respondents held a position in the military, followed by 18.6% of students, 7% of business professionals, and just 2% of other professionals. According to a study, 48% of respondents use bKash, 21% use Rocket, 17% of respondents have accounts with both services, and 6% of respondents have multiple accounts with other mobile banking services (Khan, B. S. 2015). According to our study, 22% of respondents use the Rocket app, followed by 58% of respondents who use the Bkash app, and 10% of respondents who use both the Bkash and Rocket apps simultaneously. Another research that looked at the objectives for which people used mobile banking found that only 81% of those polled did so for personal payments. The remaining 15% made payments for both personal and commercial needs. In our investigation, we discovered that 78% of respondents only used mobile banking for personal purchases. The remaining 13% go for both private and work-related costs. 9% of respondents said they solely used mobile banking for business.

CONCLUSION

Bangladesh is a prime example of mobile banking being successfully implemented in a developing nation, and it is a major force behind the revolution in transactions. The old bank only served a small portion of the population, but mobile banking serves all demographic groups, which is a revolution for us. A service called "Nagod" that falls under mobile banking services has altered the setting and operations of the Bangladeshi post office. For the benefits of this mobile banking across the nation, which has maintained a vital position in our economy, many individuals have involved themselves either with business or service. M-banking now makes it simple for villages to receive international remittances, and its use is expanding over

time. In time, agent selection should be expanded to take into account the mobile banking features available in rural parts of the nation, such as transaction limits. Operators may give a return as a profit percentage to their consumers on a monthly or annual basis based on time and a balanced amount in order to draw in new customers. For the billion individuals worldwide who have a cell phone but no bank account, mobile banking might be a powerful means to conduct cashless transactions.

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